

State:	District of Columbia	Filing Company:	National Health Insurance Company
TOI/Sub-TOI:	H14G Group Health - Hospital Indemnity/H14G.000 Health - Hospital Indemnity		
Product Name:	NHIC GRP-HI 2013		
Project Name/Number:	Group Hospital Indemnity /NHIC GRP-HI 2013		

Rate Information

Rate data applies to filing.

Filing Method:

Rate Change Type: %

Overall Percentage of Last Rate Revision: %

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
National Health Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

State:	District of Columbia	Filing Company:	National Health Insurance Company
TOI/Sub-TOI:	H14G Group Health - Hospital Indemnity/H14G.000 Health - Hospital Indemnity		
Product Name:	NHIC GRP-HI 2013		
Project Name/Number:	Group Hospital Indemnity /NHIC GRP-HI 2013		

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		rate sheet	NHIC GRP-HI 2013	New		NHIC Actuarial Memorandum - HI - 20130408 rates.pdf,

Exhibit A - Sample Claim Costs

Hospital Confinement per \$100 DB			ICU Confinement per \$100 DB		
<u>Max #Days</u>	<u>Adult</u>	<u>Child</u>	<u>Max #Days</u>	<u>Adult</u>	<u>Child</u>
5	\$0.92	\$0.96	3	\$0.14	\$0.15
10	\$1.09	\$1.07	4	\$0.17	\$0.18
15	\$1.17	\$1.12	5	\$0.20	\$0.21
20	\$1.22	\$1.17	10	\$0.27	\$0.27
25	\$1.25	\$1.20	15	\$0.30	\$0.29
30	\$1.27	\$1.21	20	\$0.32	\$0.31

Hospital Admission Benefit		
Monthly Claim Costs per \$100		
	<u>Adult</u>	<u>Child</u>
	\$0.34	\$0.41

Emergency Room Benefit		
Monthly Claim Costs per \$100 benefit		
<u>Max #Days</u>	<u>Adult</u>	<u>Child</u>
1	\$0.96	\$1.38
2	\$1.25	\$1.71
3	\$1.33	\$1.79
4	\$1.40	\$1.87
5	\$1.50	\$1.95

Newborn Hospital Benefit		
Monthly Claim Costs per \$100 benefit		
<u>Max #Days</u>	<u>Adult</u>	<u>Child</u>
1	N/A	\$0.51
2	N/A	\$1.00
3	N/A	\$1.20
4	N/A	\$1.37

Skilled Nursing Facility		
Monthly Claim Costs per \$100 daily benefit		
<i>(3 - 100)</i>		
<u>Max #Days</u>	<u>Adult</u>	<u>Children</u>
3	0.13	0.10
5	0.17	0.13
7	0.20	0.16
10	0.24	0.19
14	0.28	0.22
30	0.42	0.32

Surgeon Benefit			
Monthly Claim Costs per \$100 daily benefit			
IP & OP SURGEON	<u>Max # Days</u>	<u>Adult</u>	<u>Child</u>
	1	\$2.01	\$1.12
	3	\$2.81	\$1.56
	5	\$2.98	\$1.68
	7	\$3.06	\$1.76
	10	\$3.11	\$1.81
Anesthesia Benefit			
Monthly Claim Costs per \$100 daily benefit			
		<u>Adult</u>	<u>Child</u>
		\$3.11	\$1.81
Pre-Admission Testing Benefit			
Monthly Claim Costs per \$100 daily benefit			
	<u>Max # Days</u>	<u>Adult</u>	<u>Child</u>
	1	\$0.35	\$0.38
	2	\$0.63	\$0.69
	3	\$0.86	\$0.94
	4	\$1.04	\$1.14
	5	\$1.17	\$1.28
Ambulatory Surgical Center Benefit			
Monthly Claim Costs per \$100 daily benefit			
	<u>Max # Days</u>	<u>Adult</u>	<u>Child</u>
	1	\$1.22	\$0.54
	2	\$1.53	\$0.68
	3	\$1.62	\$0.73
	4	\$1.67	\$0.77
	5	\$1.71	\$0.81
Doctor's Office Visit Benefit			
Monthly Claim Costs per \$10 Benefit			
<u>Maximum # Days</u>	<u>Adult</u>	<u>Child</u>	
1	\$0.66	\$0.63	
2	\$1.14	\$1.10	
3	\$1.51	\$1.42	
4	\$1.88	\$1.74	
5	\$2.14	\$1.90	
6	\$2.41	\$2.06	
7	\$2.59	\$2.23	

Preventive Care Office Visit Benefit		
Monthly Claim Costs per \$10 Benefit		
<u>Maximum # Days</u>	<u>Adult</u>	<u>Child</u>
1	\$0.66	\$0.63
2	\$1.03	\$0.95
3	\$1.19	\$1.04

Diagnostic Tests Benefit		
Monthly Claim Costs per \$100 Benefit		
<u>Maximum # Days</u>	<u>Adult</u>	<u>Child</u>
1	\$1.43	\$0.80
2	\$1.77	\$1.00

X-Ray Benefit		
Monthly Claim Costs per \$100 Benefit		
<u>Maximum # Days</u>	<u>Adult</u>	<u>Child</u>
1	\$0.94	\$0.53
2	\$1.17	\$0.66
3	\$1.26	\$0.71

Laboratory Benefit		
Monthly Claim Costs per \$100 Benefit		
<u>Maximum # Days</u>	<u>Adult</u>	<u>Child</u>
1	\$2.33	\$0.53
3	\$5.12	\$1.16
5	\$6.81	\$1.55
7	\$7.85	\$1.79
10	\$8.72	\$1.98
14	\$9.28	\$2.11
20	\$9.54	\$2.12

Ambulance Benefit			
Monthly Claim Costs per \$100 daily benefit			
Ground Ambulance			
<u>Max # Days</u>	<u>Adult</u>	<u>Child</u>	
1	\$0.15	\$0.15	
2	\$0.21	\$0.21	
3	\$0.24	\$0.24	
4	\$0.26	\$0.26	
Air Ambulance			
<u>Max # Days</u>	<u>Adult</u>	<u>Child</u>	
1	\$0.15	\$0.15	
2	\$0.18	\$0.18	
3	\$0.20	\$0.20	
Mental Health Benefit			
Monthly Claim Costs per \$100 daily benefit			
Inpatient MH			
<u>Max # Days</u>	<u>Adult</u>	<u>Child</u>	
5	\$0.42	\$0.43	
10	\$0.56	\$0.53	
15	\$0.63	\$0.58	
20	\$0.67	\$0.61	
30	\$0.72	\$0.65	
45	\$0.76	\$0.69	
60	\$0.79	\$0.71	
90	\$0.82	\$0.74	
100	\$0.83	\$0.75	
Outpatient MH			
<u>Max # Days</u>	<u>Adult</u>	<u>Child</u>	
1	\$0.47	\$0.46	
3	\$1.40	\$1.37	
5	\$2.34	\$2.28	
7	\$2.94	\$2.82	
10	\$3.84	\$3.62	
14	\$4.34	\$3.97	
20	\$5.10	\$4.49	

Chemical Abuse Benefit			
Monthly Claim Costs per \$100 daily benefit			
Inpatient SA + Detoxification			
<u>Max # Days</u>	<u>Adult</u>	<u>Child</u>	
5	\$0.11	\$0.10	
10	\$0.13	\$0.12	
15	\$0.15	\$0.14	
30	\$0.17	\$0.16	
45	\$0.17	\$0.16	
60	\$0.18	\$0.16	
90	\$0.19	\$0.16	
100	\$0.19	\$0.18	
Outpatient MH			
<u>Max # Days</u>	<u>Adult</u>	<u>Child</u>	
1	\$0.12	\$0.11	
2	\$0.23	\$0.23	
3	\$0.35	\$0.34	
4	\$0.46	\$0.46	
5	\$0.58	\$0.57	
6	\$0.66	\$0.64	
7	\$0.73	\$0.70	
Medical Evacuation Benefit			
Monthly Claim Costs per \$1000 benefit			
\$0.15			

When Maternity coverage is added, claim costs for Adult females will be increased by 84% (i.e., multiply by 1.84), and rates for Child(ren) will be increased by 12% (i.e., multiply by 1.12), for the following benefits:

				Hospital Confinement	ICU Confinement				
				Hospital Admission	Emergency Room				
				Newborn Hospital	PreAdmit Testing				
				Doctor's OV	Preventive OV				
				Diagnostic	X-Ray				
				Lab Test	Mental Health				
				Chem Abuse	Ambulance				
				Med Evac					

Exhibit B - Proposed Gross Monthly Premiums

Monthly Premiums by Benefit										3/27/2013													
All benefits are priced per \$100 benefit except as otherwise noted																							
Standard Coverage -- without Maternity																							
Hospital Confinement (30d max)								ICU Confinement (30d max)				Hospital Admission				Emergency Room (2 days max)				Newborn Hospital (2 days max)			
Issue Age	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par			
18 - 39	2.67	6.96	5.34	9.63	0.71	1.86	1.43	2.58	0.71	2.17	1.42	2.88	2.41	8.43	4.82	10.84	2.10	2.98	4.20	5.08			
40 - 49	2.67	6.96	5.34	9.63	0.71	1.86	1.43	2.58	0.71	2.17	1.42	2.88	2.41	8.43	4.82	10.84	2.10	2.98	4.20	5.08			
50 - 54	3.29	7.07	6.58	10.36	0.88	1.89	1.76	2.77	0.85	2.17	1.70	3.02	2.44	7.74	4.88	10.18	2.59	3.37	5.18	5.96			
55 - 59	4.03	7.34	8.06	11.37	1.07	1.96	2.14	3.03	1.04	2.17	2.08	3.21	2.57	7.22	5.14	9.79	3.17	3.85	6.34	7.02			
60 - 64	4.90	7.63	9.80	12.53	1.31	2.04	2.62	3.35	1.27	2.20	2.54	3.47	2.70	6.53	5.39	9.22	3.86	4.42	7.72	8.28			
SNF (30d max)								Surgeon (2 max)				Anesthesia (unlimited)				Ambulatory Center (2 days max)				PreAdmit Testing (2 days max)			
Issue Age	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par			
18 - 39	0.88	2.01	1.76	2.89	5.35	10.42	10.70	15.77	6.38	12.75	12.76	19.13	3.14	5.53	6.28	8.67	1.29	3.72	2.58	5.01			
40 - 49	0.88	2.01	1.76	2.89	5.35	10.42	10.70	15.77	6.38	12.75	12.76	19.13	3.14	5.53	6.28	8.67	1.29	3.72	2.58	5.01			
50 - 54	1.09	2.08	2.18	3.17	8.40	12.86	16.80	21.26	10.01	15.62	20.02	25.63	4.92	7.03	9.84	11.95	2.03	4.17	4.06	6.20			
55 - 59	1.33	2.20	2.66	3.53	9.66	13.58	19.32	23.24	11.52	16.44	23.04	27.96	5.67	7.52	11.34	13.19	2.32	4.21	4.64	6.53			
60 - 64	1.62	2.34	3.24	3.96	10.77	14.01	21.54	24.78	12.84	16.90	25.68	29.74	6.32	7.84	12.64	14.16	2.60	4.15	5.20	6.75			
Doctor's OV (4 days max)				Preventive OV (2 days max)				Diagnostic (1 day max)				X-Ray Benefit (1 day max)				Lab Test Benefit (10d max)							
Issue Age	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par			
18 - 39	39.49	100.72	78.98	140.21	21.64	55.06	43.28	76.70	2.93	5.74	5.86	8.67	2.40	4.72	4.80	7.12	17.88	24.85	35.76	42.73			
40 - 49	39.49	100.72	78.98	140.21	21.64	55.06	43.28	76.70	2.93	5.74	5.86	8.67	2.40	4.72	4.80	7.12	17.88	24.85	35.76	42.73			
50 - 54	48.71	102.64	97.42	151.35	26.69	56.14	53.38	82.83	4.60	7.08	9.20	11.68	3.76	5.81	7.52	9.57	28.06	34.20	56.12	62.26			
55 - 59	59.60	106.92	119.20	166.52	32.66	58.49	65.32	91.15	5.30	7.47	10.60	12.77	4.33	6.13	8.66	10.46	32.30	37.69	64.60	69.99			
60 - 64	72.58	111.54	145.16	184.12	39.77	61.04	79.54	100.81	5.91	7.70	11.82	13.61	4.83	6.31	9.66	11.14	36.02	40.45	72.04	76.47			
Mental Health (10 IP / 10 OP)				Chem Abuse (10 IP / 5 OP)				Ambulance (2d grnd / 2d air max)				Med Evac *per \$10K*											
Issue Age	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par							
18 - 39	9.24	23.85	18.48	33.09	1.49	3.92	2.98	5.41	0.75	2.12	1.50	2.87	2.89	8.17	5.78	11.06							
40 - 49	9.24	23.85	18.48	33.09	1.49	3.92	2.98	5.41	0.75	2.12	1.50	2.87	2.89	8.17	5.78	11.06							
50 - 54	11.40	24.26	22.80	35.66	1.84	3.98	3.68	5.82	0.76	1.97	1.52	2.73	2.92	7.57	5.84	10.49							
55 - 59	13.95	25.23	27.90	39.18	2.25	4.13	4.50	6.38	0.80	1.86	1.60	2.66	3.08	7.16	6.16	10.24							
60 - 64	16.99	26.28	33.98	43.27	2.74	4.29	5.48	7.03	0.84	1.71	1.68	2.55	3.23	6.59	6.46	9.82							
When Maternity coverage is added, rates for Adult females will be increased by 84% (i.e., multiply by 1.84), and rates for Child(ren) will be increased by 12% (i.e., multiply by 1.12), for the following benefits:																							
					Hospital Confinement				ICU Confinement														
					Hospital Admission				Emergency Room														
					Newborn Hospital				PreAdmit Testing														
					Doctor's OV				Preventive OV														
					Diagnostic				X-Ray														
					Lab Test				Mental Health														
					Chem Abuse				Ambulance														
					Med Evac																		

Monthly Premiums by Package				
without Maternity				
Replacement Limited Medical Benefit Plan				
<u>Issue Age</u>	<u>Individual</u>	<u>1Parent</u>	<u>Ins+Spouse</u>	<u>2Parent</u>
18 - 39	\$365.84	\$813.73	\$729.83	\$1,178.72
40 - 49	\$365.23	\$813.73	\$729.83	\$1,178.72
50 - 54	\$505.52	\$901.90	\$1,011.04	\$1,407.42
55 - 59	\$592.01	\$938.93	\$1,184.01	\$1,530.93
60 - 64	\$680.71	\$966.53	\$1,361.36	\$1,647.18
Hospital Indemnity Plan				
<u>Issue Age</u>	<u>Individual</u>	<u>1Parent</u>	<u>Ins+Spouse</u>	<u>2Parent</u>
18 - 39	\$40.66	\$108.18	\$79.32	\$147.84
40 - 49	\$40.05	\$108.18	\$79.32	\$147.84
50 - 54	\$48.50	\$109.37	\$97.00	\$157.87
55 - 59	\$59.39	\$112.31	\$118.78	\$171.70
60 - 64	\$72.29	\$115.91	\$144.59	\$188.20
Hospital Indemnity Plan				
<u>Issue Age</u>	<u>Individual</u>	<u>1Parent</u>	<u>Ins+Spouse</u>	<u>2Parent</u>
18 - 39	\$113.73	\$235.78	\$225.47	\$348.52
40 - 49	\$113.13	\$235.78	\$225.47	\$348.52
50 - 54	\$164.26	\$273.03	\$328.53	\$437.30
55 - 59	\$192.39	\$287.45	\$384.78	\$479.84
60 - 64	\$220.18	\$298.60	\$440.36	\$518.79
Gap / Supplemental Plan				
<u>Issue Age</u>	<u>Individual</u>	<u>1Parent</u>	<u>Ins+Spouse</u>	<u>2Parent</u>
18 - 39	\$12.48	\$30.89	\$22.97	\$42.37
40 - 49	\$11.87	\$30.89	\$22.97	\$42.37
50 - 54	\$13.19	\$30.28	\$26.37	\$43.47
55 - 59	\$15.41	\$30.39	\$30.82	\$45.80
60 - 64	\$17.96	\$30.31	\$35.92	\$48.27

EXHIBIT C - Anticipated Distribution of Business

By Issue Age Group		By Family Status	
<u>Issue Ages</u>	<u>Distribution</u>	<u>Family Status</u>	<u>Distribution</u>
18-20	1.5%	Individual	60.0%
21-25	5.0%	Individual + Spouse	15.0%
26-30	11.0%	1-Parent Family	10.0%
31-35	17.0%	2-Parent Family	15.0%
36-40	25.0%		
41-45	22.5%		
46-50	9.0%		
51-55	4.5%		
56-60	2.5%		
61-64	2.0%		

By Product Packages	
Replacement LMBP	26.0%
Hospital Indemnity	37.0%
Gap/Supplemental	30.0%
Emergency Evac	7.0%

Exhibit D

Anticipated Durational Loss Ratios

	Earned	Incurred		Cumulative
<u>Pol Year</u>	<u>Premis + Fees</u>	<u>Claims</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>
1	2,410,088	1,242,576	51.6%	51.6%
2	1,684,306	875,454	52.0%	51.7%
3	1,332,821	698,701	52.4%	51.9%
4	1,096,307	580,088	52.9%	52.1%
5	923,591	493,612	53.4%	52.2%
6	796,471	430,302	54.0%	52.4%
7	702,968	384,406	54.7%	52.6%
8	628,127	348,046	55.4%	52.8%
9	561,224	315,604	56.2%	53.0%
10	501,421	286,643	57.2%	53.2%
11	447,966	260,744	58.2%	53.4%
12	399,095	236,543	59.3%	53.6%
13	354,425	214,045	60.4%	53.8%
14	314,698	193,993	61.6%	54.0%
15	279,373	176,063	63.0%	54.2%
16	247,965	160,005	64.5%	54.4%
17	219,193	144,391	65.9%	54.6%
18	192,843	129,424	67.1%	54.8%
19	169,571	116,130	68.5%	54.9%
20	149,026	104,255	70.0%	55.1%
21	130,511	93,243	71.4%	55.3%
22	112,105	81,272	72.5%	55.4%
23	94,354	69,180	73.3%	55.5%
24	79,032	58,618	74.2%	55.6%
25	65,831	49,373	75.0%	55.7%
26	54,480	41,297	75.8%	55.8%
27	44,741	34,249	76.6%	55.9%
28	36,405	28,117	77.2%	55.9%
29	29,289	22,795	77.8%	56.0%
30	23,231	18,181	78.3%	56.0%

Anticipated Durational Loss Ratios (continued)

	Earned	Incurred		Cumulative
<u>Pol Year</u>	<u>Premis + Fees</u>	<u>Claims</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>
31	19,426	15,355	79.0%	56.0%
32	16,284	13,047	80.1%	56.1%
33	12,807	10,348	80.8%	56.1%
34	10,295	8,406	81.6%	56.1%
35	8,157	6,720	82.4%	56.1%
36	6,344	5,262	83.0%	56.1%
37	4,812	4,029	83.7%	56.1%
38	3,650	3,085	84.5%	56.2%
39	2,800	2,388	85.3%	56.2%
40	2,084	1,788	85.8%	56.2%
41	1,483	1,273	85.8%	56.2%
42	981	847	86.3%	56.2%
43	640	554	86.6%	56.2%
44	433	379	87.5%	56.2%
45	292	258	88.5%	56.2%
46	204	182	89.2%	56.2%
47	132	117	89.1%	56.2%
48	72	62	87.0%	56.2%
49	22	19	87.0%	56.2%
50	0	0		56.2%
Total	14,172,375	7,961,475	56.2%	
Pres Value	\$11,293,949	\$6,212,876	55.0%	

State:	District of Columbia	Filing Company:	National Health Insurance Company
TOI/Sub-TOI:	H14G Group Health - Hospital Indemnity/H14G.000 Health - Hospital Indemnity		
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Supporting Document Schedules

Satisfied - Item:	Cover Letter All Filings
Comments:	see general information tab
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Certificate of Authority to File
Comments:	
Attachment(s):	NHIC Authorizatn Letter 3-7-13.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	NHIC Actuarial Memorandum - HI - 20130408 act memo.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Justification
Comments:	see attached actuarial memorandum and rate sheet
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Bypass Reason:	NA
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
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State:	District of Columbia	Filing Company:	National Health Insurance Company
TOI/Sub-TOI:	H14G Group Health - Hospital Indemnity/H14G.000 Health - Hospital Indemnity		
Product Name:	NHIC GRP-HI 2013		
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Bypass Reason:	NA
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum and Certifications
Comments:	see attached actuarial memorandum
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Unified Rate Review Template
Bypass Reason:	NA
Attachment(s):	
Item Status:	
Status Date:	



February 28, 2013

Re: NAIC #82538 FEIN # 74-1541799
Critical Illness Policies and Related Forms and Rates

To: All Departments of Insurance

National Health Insurance Company hereby authorizes Insurance Compliance Consulting to represent us in the submission of the above-referenced forms and related outline of coverage forms, rates and actuarial documents and to negotiate with insurance departments for their approval.

Sincerely,

A handwritten signature in blue ink that reads "Michael Weiner".

Michael Weiner
Chief Financial Officer

National Health Insurance Company
Hospital Indemnity Group Policy NHIC GP HI 2013
With Hospital Indemnity Group Certificate GP HI 2013

Actuarial Memorandum

I. Scope and Purpose

This actuarial memorandum has been prepared for the purpose of complying with state regulations regarding the pricing of the referenced policy form. The specific purpose of this filing is to present the proposed rates for the referenced new policy form. This document may not be appropriate for other purposes.

II. Benefit Description

The referenced base policy form provides benefits for hospitalization and for eighteen other optional benefits as elected. The company intends to sell the following four benefits packages. These packages may be customized (add/subtract benefits or change benefit amounts) at the group level, but the standard offerings are as follows:

1) Replacement LM Benefit Plan

<u>Hospital Confinement/Medical Facility Benefit</u>	
Hospital Confinement Benefit	\$2500 per day of confinement
Maximum Benefit	10 days per Certificate Year per Covered Person
Hospital Intensive Care Unit Confinement Benefit	\$2500 per day of confinement
Maximum Benefit Period	Up to 5 days per Certificate Year per Covered Person
Hospital Admission Benefit	\$2500 per admission
Maximum Benefit	2 admissions per Certificate Year per Covered Person
Emergency Room Benefit	\$500 per day
Maximum Benefit	2 days per Certificate Year per Covered Person
<u>Newborn Child Hospital Care Benefit</u>	
Newborn Child Hospital Care Benefit	\$1000 per day of hospital care
Maximum Benefit	2 days of hospital care per Certificate Year, per Covered Newborn Child
<u>Skilled Nursing Facility Benefit</u>	
Maximum Benefit	\$100 per day Up to 30 days per Certificate Year per Covered Person
<u>Surgeon Benefit</u>	
Maximum Benefit per Day	
Inpatient Surgeon Benefit	\$1500 per day per Covered Person
Outpatient Surgeon Benefit	\$1000 per day per Covered Person
Surgeon Maximum Benefit	5 days per Certificate Year per Covered Person
<u>Anesthesia Benefit</u>	\$500 per day per Covered Person 5 days max
<u>Ambulatory Surgical Center Benefit</u>	
Ambulatory Surgical Center Benefit	\$1500 per day
Maximum Benefit	2 days per Certificate Year per Covered Person
<u>Pre-Admission Test Benefit</u>	
Maximum Benefit	\$100 per day 2 days per Certificate Year per Covered Person
<u>Doctor's Office Visit Benefit</u>	
Doctor's Office Benefit	\$50 per day
Maximum Benefit	3 days per Certificate Year per Covered Person

<u>Preventive Care Office Visit</u>	
Preventive Care Office Benefit	\$125 per day
Maximum Benefit	1 days per Certificate Year per Covered Person
<u>Diagnostic Tests Benefit</u>	
MRI; CAT; PET; Colonoscopy; Bone Marrow Test; Stress Test	\$1000 per day
Maximum Benefit	1 days per Certificate Year per Covered PersonFamily
<u>X-Ray Benefit</u>	
Mammography; EEG; X-Ray; Breast Ultrasound; Sigmoidoscopy	\$150 per day
Maximum Benefit	2 days per Certificate Year per Covered Person
<u>Laboratory Benefit</u>	
Blood test for triglycerides; CA 15-3; CA 125; CEA; eye exam; fasting blood glucose test; hemocult stool analysis; PSA; serum protein electrophoresis; thermography; cervical cytological screening; colorectal cancer screening; prostate cancer screening; child health screening	\$50 per day
Maximum Benefit	5 days per Certificate Year per Covered Person
<u>Mental Health Benefit</u>	
Mental Health Inpatient Benefit	\$250
Mental Health Inpatient Maximum Benefit	10
Mental Health Outpatient Benefit	\$50
Mental Health Outpatient Maximum Benefit	5 days
<u>Chemical Abuse and Dependence Diagnosis and Treatment Benefit</u>	
Chemical Abuse and Dependence Diagnosis and Treatment Benefit	\$250 per day
Detoxification Maximum Benefit	5 days
Inpatient Rehabilitation Maximum Benefit	5 days
Chemical Abuse and Dependence Outpatient Benefit	\$50
Chemical Abuse and Dependence Outpatient Benefit Maximum Benefit	5 days
<u>Ambulance Benefit</u>	
Ground	\$250 per day
Ground Ambulance Benefit Maximum	2 days per Certificate Year per Covered Person
Air	\$5000 per day
Air Ambulance Benefit Maximum	1 days per Certificate Year per Covered Person
<u>Emergency Medical Evacuation Benefit</u>	
Benefit Amount	\$10,000 per evacuation
Deductible Amount	\$2500 per evacuation
Minimum Number of Miles	50
EME Assistance Company	XYZ Company

2). Hospital Indemnity Plan

Hospital Confinement/Medical Facility Benefit	
Hospital Confinement Benefit	\$1500 per day of confinement
Maximum Benefit	5 days per Certificate Year per Covered Person
Hospital Admission Benefit	\$1500 per admission
Maximum Benefit	1 admissions per Certificate Year per Covered Person

3). Gap/Supplemental Plan

Hospital Confinement/Medical Facility Benefit	
Hospital Confinement Benefit	\$1000 per day of confinement
Maximum Benefit	5 days per Certificate Year per Covered Person
Hospital Intensive Care Unit Confinement Benefit	
Maximum Benefit Period	
Hospital Admission Benefit	\$1000 per admission
Maximum Benefit	1 admissions per Certificate Year per Covered Person
Newborn Child Hospital Care Benefit	
Newborn Child Hospital Care Benefit	\$500 per day of hospital care
Maximum Benefit	2 days of hospital care per Certificate Year, per Covered Newborn Child
Surgeon Benefit	
Maximum Benefit per Day	
Inpatient Surgeon Benefit	\$500 per day per Covered Person
Outpatient Surgeon Benefit	\$500 per day per Covered Person
Surgeon Maximum Benefit	5 days per Certificate Year per Covered Person
Anesthesia Benefit	\$250 per day per Covered Person 5 days max
Diagnostic Tests Benefit	
MRI; CAT; PET; Colonoscopy; Bone Marrow Test; Stress Test	\$1000 per day. 1 day Max

4). Emergency Evac Plan

Hospital Confinement/Medical Facility Benefit	
Hospital Confinement Benefit	\$1000 per day of confinement
Maximum Benefit	1 days per Certificate Year per Covered Person
Emergency Medical Evacuation Benefit	
Benefit Amount	\$15,000 per evacuation
Deductible Amount	\$2500 per evacuation
Minimum Number of Miles	250
EME Assistance Company	XYZ Company

Coverage is generally subject to a pre-existing condition provision. For takeover groups this provision and any waiting periods may be waived for each month prior coverage was in effect, for up to 12 months.

III. Applicability and Renewability

The referenced policy form will be issued to qualified employer and association groups and certificates will be issued on an individual basis and will be guaranteed renewable to the policy anniversary following the primary insured's attainment of age 65. The premium rates presented in this filing will be in effect

from the date of state approval. There are no currently in-force certificates to which these premiums will be applied.

IV. Morbidity

Assumed claim costs for these policy forms were developed from various public and proprietary sources. Morbidity sources used include:

- Injury in the United States - 2007 Chartbook (U.S. Dept HHS, CDC, National Center for Health Statistics)
- Injury Episodes and Circumstances: National Health Interview Survey, 1997–2007
- Towers Watson HealthMAPS claim cost model for 2012
- 2009 HCUP data (<http://hcupnet.ahrq.gov/HCUPnet.jsp>)
- 2009 NHDS, NAMCS and NHAMCS datasets
- Proprietary recent insurer hospital confinement experience compiled by UHAS Inc.

A sample of the assumed claim costs before application of selection factors are presented in attached Exhibit A.

Given the benefit design and the nature of the benefits provided, no benefit categories are assumed to be subject to significant medical trend.

V. Total Termination

Total termination rates are equal to the following:

$$1 - (1 - q^m) * (1 - q^v)$$

where q^m represents the mortality decrement and q^v represents the voluntary lapse rate.

Assumed mortality is based on the 1990-95 Select and Ultimate mortality table. The assumed total termination rates are based upon recent industry experience for similar products.

Total Termination rates are assumed as follows:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7+
35%	22%	18%	16%	14%	12%	10%

Under the alternate premium structure when policies go to attained age rates the termination rate for the 1st year of attained age rating is assumed to be 20%. Policies terminate at the end of the policy month during which the Certificateholder attains age 65 regardless of issue age or policy year.

VI. Expenses and Interest Rates

The following expenses, which reflect costs associated with a third party administrator, were assumed in pricing the referenced policy form.

Enrollment Costs:	3% of premium
Maintenance Costs:	9% of premium
Premium Tax and Assessments:	2.5% of premium
Commissions and Sales Expenses:	18% of premium on a present value basis. This may be paid on either a level basis in all years or an actuarially equivalent amount with higher first year commissions

and lower commissions in subsequent years.

Investment Income: 3.25% on cash flows

Interest rates: 3.5% for discounting, consistent with the valuation interest rate for policies of this type issued in 2013

VII. Marketing Method

The referenced policy/rider forms will be marketed in the worksite and association markets by an agency distribution force that also markets other products for the company.

VIII. Underwriting

This policy form is generally underwritten based on a simplified application with yes/no questions. In certain large groups coverage for the primary insured may be underwritten on a guaranteed issue or contingent guaranteed issue basis (dependent coverage will be subject to simplified issue) if certain participation requirements are met.

The assumed underwriting selection factor for use against ultimate claim costs is 1.00 in all years. All coverage terminates on the last day of the month in which the Certificateholder attains age 65.

Coverage is generally subject to a pre-existing condition provision. For takeover groups this provision and any waiting periods may be waived for each month prior coverage was in effect, for up to 12 months.

IX. Premium Cells and Issue Age Range

Policyholders will be divided into different premium cells based on issue age, family composition (Individual, Individual and Child(ren), Individual and Spouse, or Individual, Spouse and Child(ren)), benefit amount, and coverage selected.

Rates will not vary by gender. Proposed gross monthly premiums for each benefit and the four standard benefit packages are shown in attached Exhibit B.

X. Group Discounts and Experience Rating

Premiums may be reduced up to 20% for enrollees from certain large groups where either distribution expenses are reduced or where underwriting selection is anticipated due to employer contributions increasing participation. Additionally, an underwriting factor may be applied to rates for large groups reflecting previous experience under similar plans, geographic cost factors for the group including the local cost of RBRVS reimbursement versus UCR reimbursement, and/or industry rating factors.

Renewal rates for large groups may also be subject to an experience adjustment when experience is at least partially credible. Credibility will be based on the number of insured individual life-years of experience within a group. The percentage of credibility will be based on the formula:

$$\frac{\text{Life-Years of exposure in Group}}{2000 \text{ annual exposures (full credibility)}}$$

Examples of calculated credibility levels are as follows:

Years of Insured Lives	Credibility
2000+	100%
1500	75%
1000	50%
500	25%

If a rate action is based on prior experience, incurred claims are adjusted for any claims above a pooling level and a claims trend is applied from the midpoint of the experience period to the midpoint of the effective date of the new Policy period. This is also adjusted for any difference in plan benefits based on the manual rate difference. The projected/adjusted loss ratio is determined by dividing the projected total incurred claims by the adjusted earned premium. The Experience Rate is determined by multiplying the current rate by the projected/adjusted loss ratio and dividing by the desired loss ratio. The credibility assigned to the Experience Rate in the following formula is Z. The credibility formula for rating a case is $\text{Final Rate} = Z \text{ times Experience Rate} + (1-Z) \text{ times Manual Rate}$.

XI. Area Factors

Gross annual premiums for these policies will not vary based on the insured's residence location (ZIP3).

XII. Distribution of Business and Average Annual Premium

The assumed distribution of issued policies by issue age, family status, and benefit options are shown in Exhibit C.

Using the assumed distributions and the proposed premiums, the anticipated average annual premium is \$2921.31.

XIII. Premium Modalization

The following premium modalization factors will be applied in billing calculations.

Annual mode	12 x Monthly
Semi-annual mode	6 x Monthly
Quarterly mode	3 x Monthly
Semi-monthly	divide monthly rate by 2
Bi-weekly	multiply monthly rate by .462
Weekly	multiply monthly rate by .231

The premiums for the monthly payment mode are shown on attached Exhibit C.

XIV. Active Life Reserves

Active life reserves will be calculated on a two-year-preliminary-term basis using pricing claim cost assumptions with a load for conservatism and 1990-95 Select and Ultimate mortality table. Voluntary lapse rates and discount rates assumed will comply with the NAIC Health Insurance Reserves Model Regulation and any applicable state regulations. Active life reserves were not used in the calculation of anticipated loss ratios.

XV. Claim Liability and Reserves

This is a new filing of this form; there are no claim reserves or liabilities at this time. The claim reserve at any point in time will consist of (a) incurred but unreported claims and (b) unpaid claims which have been reported and are in the course of settlement.

Claim reserves will be determined using a “claim lag” methodology whereby a history of claims paid by incurral data will be maintained and such “claim run-off” will then be used to estimate the level of claim reserves.

XVI. Trend Assumptions

Given the benefit design and the nature of the benefits provided, no benefit categories are assumed to be subject to significant medical trend.

XVII. Anticipated Loss Ratios

The minimum loss ratio standard for policies of this type is 55%. Expected durational loss ratios are shown on Exhibit D. The anticipated lifetime loss ratio is 55.0% on a discounted basis. Active life reserves were not used in the calculation of anticipated loss ratios.

XVIII. Contingency and Risk Margins and Company Retention

This policy form has been priced with an expected after-tax contingency and risk margin equal to 9.6% of the present-value of lifetime premiums.

XIX. Proposed Effective Date

The proposed rates will be effective upon approval. Future rate increases are not anticipated at this time.

XX. Data Reliance

In completing the pricing analysis and filing materials for these policy forms, I relied on expected sales data provided by the company. I reviewed the data for internal consistency but did not perform a detailed audit. My review indicates that there are no known errors or limitations in the data which would be material to the analysis conducted or the conclusions drawn from the analysis.

XXI. Actuarial Certification

I hereby certify that I am a Member of the Society of Actuaries and the American Academy of Actuaries and meet the Academy's qualification standards for issuing this statement of actuarial opinion.

I further certify that, to the best of my knowledge and judgment, the following are true with respect to this filing:

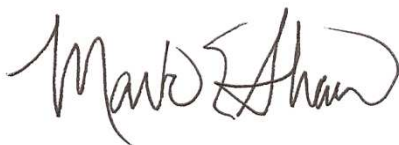
The entire rate filing is in compliance with the applicable laws of the state in which it is filed;

The entire rate filing complies with all applicable Actuarial Standards of Practice (including Actuarial Standards of Practice Number 8, *Regulatory Filings for Rates and Financial Projections for Health Plans* and Number 5, *Recommendations and Interpretations Concerning Incurred Health Claim Liabilities*, promulgated by the Actuarial Standards Board);

The expected loss ratio meets the minimum requirements of the state in which it is filed;

The benefits are reasonable in relation to the proposed premiums; and

The premium schedule is not excessive, inadequate, or unfairly discriminatory.



Mark E. Shaw, FSA, MAAA, CERA
Senior Consulting Actuary
United Health Actuarial Services, Inc.
phone: 414-469-0407
email: mshaw@uhasinc.com

April 8, 2013
Date

Attachments:

- Exhibit A – Sample Claim Costs
- Exhibit B – Proposed Gross Premiums
- Exhibit C – Anticipated Distribution of Business
- Exhibit D – Anticipated Durational Loss Ratios